



# COMMITTEE ON APPROPRIATIONS

DAVID R. OBEY, CHAIRMAN

Thursday, March 4, 2010

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## OPENING STATEMENT OF CHAIRMAN DAVID R. OBEY

APPROPRIATIONS SUBCOMMITTEE ON LABOR-HHS-EDUCATION

HEARING ON COMBATING HEALTH CARE FRAUD AND ABUSE

*(AS PREPARED FOR DELIVERY)*

MARCH 4, 2010

I'd like to welcome our subcommittee members, witnesses, and guests to this hearing on Combating Health Care Fraud and Abuse.

Congress has an obligation to meet the needs of people who qualify for programs covered by this appropriation bill. In doing that, we also have an obligation to try to assure that taxpayers' funds are used effectively—and not wasted or lost to fraud.

This is why last year this committee increased funding to more than \$1.1 billion for program integrity activities designed to reduce improper payments, fraud, and abuse. That is nearly double the previous year's amount. Potential savings to the taxpayers are many times larger than the investments.

A large part of that appropriation went to the Social Security Administration to work down a backlog of continuing disability reviews to determine whether benefits are being properly paid. It is expected to provide a \$6 billion return to taxpayers over the next 10 years. Some went to the Labor Department, to conduct more eligibility assessments under the Unemployment Insurance program.

The other major use of the appropriation is preventing, detecting, and prosecuting fraud and abuse in Medicare, Medicaid, and other health care programs—the main topic of our hearing today. The program integrity funds in last year's Labor-HHS bill included \$311 million specifically for that purpose. The appropriations were provided to:

- The Centers for Medicare and Medicaid Services, to review and audit claims looking for patterns that suggest improper payments or fraud, and to expand program integrity efforts in areas like Medicare Advantage plans and prescription drug plans;
- The HHS Inspector General, to conduct investigations of schemes to defraud Medicare and Medicaid; and
- The Department of Justice, for investigations by the FBI, for criminal prosecution of wrongdoers, and for civil litigation that recovers funds for taxpayers and the Medicare trust fund.

Among other uses, \$41 million of these funds was used for joint HHS and Justice Department strike teams that are now operating in seven cities.

We're holding this hearing to ask the agencies involved how they are using the amounts provided in the FY 2010 bill to combat health care fraud and abuse. What specific activities are being undertaken? What are you doing that could not have been done without this increased investment? What savings to the taxpayers and recoveries to the Medicare trust funds can be expected as a result? Do you expect the savings to exceed the cost of the effort?

The Administration is asking for a \$250 million increase in health care program integrity funding for FY 2011. It may be justifiable, but first we need to understand what has been done with the funds we already provided.

I should also note that "health care fraud and abuse" covers a wide range of misdeeds. The wrongdoers come in all types and sizes—from individuals operating out of a storefront somewhere to large health care institutions and drug companies. We need you to be going after fraudulent schemes of all types and crooks of all sizes, both big and small. Are you going after the whales or the minnows? They're all stealing from taxpayers and patients.

Let me say a few words about our panel of witnesses. Last year, the Obama Administration established the Health Care Fraud Prevention and Action Task Force (or "HEAT" for short), which brings together high-level leaders from the Department of HHS and the Department of Justice to share information and coordinate strategy. Our first two witnesses are the co-chairs of that task force: Bill Corr, the Deputy Secretary of HHS, and Gary Grindler, the Acting Deputy Attorney General. Both of their departments receive substantial funds from the appropriations we're discussing today.

In addition, we have Dan Levinson, the HHS Inspector General, whose investigators and auditors are on the front lines of the war against health care fraud.

Finally, for a view from the field, we have one of those investigators. He is Omar Perez, a special agent from the HHS IG's office and one of the leaders of the Miami health care fraud strike force. The Administration's funding request for next year would increase these by 13 cities to operate in 20 cities.

We appreciate all four of you appearing here today. Before we hear from the witnesses, though, let me first turn to the subcommittee's ranking member, Congressman Tiahrt, for any opening comments he'd like to make.

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